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From: Jonathan Ah Kit <ahkitj@jnawk.net.nz>

Date: Sat, 19 Jan 2002 19:12:01 +1300 (NZDT)

Subject: Microsoft Settlement

To: Microsoft Tunney Act review <microsoft.atr@usdoj.gov>

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Sir/Madam,

Re: Microsoft Settlement

I have read the provisions of the proposed settlement as described at http://www.usdoj.gov/atr/public/press_releases/2001/9463.htm this afternoon. I feel while it is preferable to keep the company in one piece, it does not necessarily go far enough to encourage any major competition.

The licensing provisions Microsoft have employed as described at <http://www.cio.com/archive/011502/meter.html> by CIO Magazine, appear to force customer loyalty by employing a type of subscription model not previously employed in most Windows software -- last time I saw this model was on a telnet client a New Zealand government department bought for its mainframe.

While its supposedly oppressive terms could actually be said to encourage purchases of competitors' products, it still could potentially be a case of Microsoft Corporation attempting to use its hold on current users to force more money out of them [corporate users].

Its monopoly position in this case is a bit different. There are competitors in the 'office suite productivity software' market to Microsoft Office, but StarOffice (and OpenOffice) and KOffice--with the latter available for Microsoft's Windows grouping of operating systems--do not really have the profile due to Microsoft's Office offering being the de facto standard. Which makes education institutions, companies, non-profits as well as private individual people end up feeling compelled to take it.

This is fine, to a point. Being a de facto standard due to its market share can be okay -- if it is not priced crazily like CIO Magazine in the above-referenced article on licence schemes for Office describes. In analogies, it is like buying a manual gear car versus an automatic gear car. As in, it would probably be fair to say most people buy a manual because it is the standard and virtually everybody (give or take) is trained to drive one. But, it doesn't force everybody to buy a manual -- not too much more expensive are equivalent automatic models. (Maybe people buy automatics for convenience and or ease, but that is out of the scope of this submission.)

Credit where credit is due, though. Microsoft's New Zealand operation has issued a version of Microsoft Office, called 'Microsoft Office XP Standard for Students and Teachers', selling for about NZD280 to NZD300, inclusive of 12.5% NZ Goods and Services Tax. It requires no student ID or letter proving employment before buying it, so would require a user's honesty before it is bought. (NB: For this package, Microsoft has defined student and teacher as either a student or teacher of any education institution, including primary, intermediate, middle and high schools, as well as tertiary institutions such as universities, polytechnics and what NZ calls 'private training establishments'. It includes staff.) I would say that is

still a high price for essentially a high price for private individual people to buy, however.

Details:

<http://www.microsoft.com/nz/office/xp/forstudents/>

(That also raises another issue, possibly out of the scope of this submission -- piracy. Microsoft needs to adjust its curve of piracy versus pricing. Once it does so, there is a chance it can raise revenues. But as said, there is another story there.)

Lastly, I have a note regarding a scheme tying New Zealand schools to Microsoft software. Software is a slightly fickle business, so I can see some justification in having this scheme, but because of its centralised procurement nature, it does not tend to give competitors a look-in.

Details:

http://www.microsoft.com/nz/presscentre/articles/2001/september-18_schools.asp

I trust that this is of some use to you.

If you desire further feedback, e-mail or telephone (call +64 (21) 1181956 -- please do not publish this number) would be much appreciated, especially if issues raised need clarifying. If called upon, I would be interested but not necessarily able to appear.

Regards,
Jonathan Ah Kit.

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Away message: Looking for adhesive tape, not Alibrandi.